

**PROPERTY ASSESSMENT APPEAL BOARD  
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2019-017-00129R

Parcel No. 06-18-106-002-0

**Lorraine B. French (Kathy Olson),**

Appellant,

vs.

**Cerro Gordo County Board of Review,**

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on October 1, 2019. Kathy Olson appeared on behalf of her mother, Lorraine B. French. Cerro Gordo Deputy County Attorney Steven Tynan represented the Board of Review.

Lorraine B. French owns a residential property located at 108 N 10th Street, Clear Lake, Iowa. The property's January 1, 2019, assessment was set at \$293,510, allocated as \$39,600 in land value and \$253,910 in dwelling value. (Ex. A).

Olson, on French's behalf, petitioned the Board of Review contending the subject property's assessment was not equitable as compared with assessments of other like property and was over assessed. Iowa Code § 441.37(1)(a)(1 & 2) (2019). The Board of Review denied the petition.

Olson then appealed to PAAB re-asserting the property was assessed for more than authorized by law. § 441.37(1)(a)(2).

**General Principles of Assessment Law**

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act

apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code Rule 701-71.126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. §441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

### **Findings of Fact**

The subject property is a one-story brick home built in 1988. It has 1805 square feet of gross living area, a basement with 1300 square feet of living-quarter quality finish, a three-season porch, a deck, a patio, a two-car attached garage, and a detached garage. It is listed in normal condition with a 3+5 Grade (good quality). The site is 0.30 acres. (Ex. A). The Assessor describes the property as a normally maintained home located in a stable and established neighborhood in Clear Lake. (Ex. D).

Olson stated that she is involved in the real estate business in Colorado and is familiar with calculating property values. She testified the subject property has all its original features and has never been remodeled, but is still in good condition. She contends there have been no improvements to the home and believes it is assessed \$22,000 to \$50,000 higher than it should be.

Olson submitted no exhibits to PAAB, but continues to rely on the properties and calculations submitted to the Board of Review to support her claims. She submitted five properties along with her calculations of sale price per square foot for each, as well as her property's assessed value per square foot. (Ex. C).

The Board of Review submitted the property record cards and photographs for each of Olson's comparable properties. (Exs. F – O). The following table summarizes these properties and includes a sales price per square foot of gross living area.<sup>1</sup>

Comparable	Year Built	Grade	Gross Living Area (SF)	Basement Finish	2019 Assessed Value	Date of Sale	Sale Price	SP/SF
Subject	1988	3+05	1805	1300	\$293,510	NA	NA	NA
1 – 700 2nd Ave N	1933	4+00	1503	700	\$203,280	Apr-16	\$185,000	\$123.09
2 – 2511 S 3rd St	1930	4+00	2064	0	\$177,240	Nov-18	\$115,000	\$55.72
3 – 1508 N 8th Pl	1976	4+10	2185	No basement	\$210,210	Jan-19	\$168,500	\$77.12
4 – 950 N 8th St W	1971	4+10	1104	925 walk-out	\$194,930	Jan-19	\$200,000	\$181.16
5 -1509 Main Ave	1920	4+05	1836	0	\$184,100	Nov-18	\$192,500	\$104.85

Regarding Olson's calculations on the petition, we can only verify her sales price per square foot for 1508 N 8th Place and 1509 Main Avenue; we are unable to determine how she calculated the other values.

The subject property is a one-story home with more basement finish than all of the comparables. Only Comparable 4 is also a one story home; all of the others are either one-and-one-half or two-story homes. Though it is a one-story property like the subject, Comparable 4 is significantly smaller and has significantly less basement finish. It also lacks a brick exterior. Olson's comparables are all also older than the subject; Comparable 5 is 68-years older. Additionally, all of the properties have a lower grade indicating they are inferior in quality to the subject, which would also affect the assessed values. Considering these factors, we would expect the subject's assessment to generally exceed the comparables on a total and per-square-foot basis.

While Olson testified that her comparable properties are geographically close to the subject property, however, we find they ultimately lack sufficient similarities to be truly comparable. Comparing square foot values of properties that are dissimilar to the subject does not establish an accurate valuation of the subject.

Olson did not adjust her comparable properties for the differences between them and the subject to conclude a January 1, 2019, opinion of value.

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<sup>1</sup> The sales price per square foot is calculated by dividing the total sales price by the gross living area (GLA), which does not include basement finish.

The Board of Review submitted five comparables of one-story homes in Clear Lake. (Exs. Q-V) The following table summarizes these properties.

Comparable	Year Built	Grade	Gross Living Area (SF)	Bsmt Finish	2019 Assessed Value	AV/SF	Date of Sale	Sale Price	SP/SF
Subject	1988	3+05	1805	1300	\$293,510	\$162.61			
A – 916 Main Ave	1983	3+05	1717	0	\$277,270	\$161.49	Apr-18	\$299,900	\$174.67
B – 15 Country Club Pl	1979	3+05	1836	475	\$314,380	\$171.23	Oct-17	\$306,000	\$166.67
C – 1622 N 24th St	1992	3+05	1839	1025	\$350,430	\$190.55	Jun-19	\$375,000	\$203.92
D – 232 Glen Cove Dr	1997	3	1544	1175	\$274,390	\$177.71	Mar-19	\$305,000	\$197.54
E -1502 Poplar St	2002	3	1764	1075	\$280,370	\$158.94	Jul-19	\$314,000	\$178.00

Comparables A and C are brick homes like the subject. Unlike Olson's comparable properties, the Board of Review's sales have more similar grade, gross living area, and age to the subject property. All but Comparables A and B have similar amounts of basement finish. The subject's assessed value per square foot value falls within the low end of the range of values per square foot of these recent sales.

Although the comparables are unadjusted for differences that may exist between them and the subject property, their sale prices were all higher than subject property's assessed value or assessed value per square foot. These properties generally appear to be selling for more than their 2019 assessments, which indicates a trend of under-assessment in the area.

Olson was critical of the Board of Review's comparables because she asserts all but one are in a different area than the subject. In her opinion location is the most important factor in comparing properties. Olson asserts the Board or Review's comparables are either closer to the lake or in a more desirable subdivision. There is no information in the record about the comparables' proximity to the lake or the desirability of their locations compared to the subject. We note that the Board of Review's Comparable A is in the same subdivision as the subject. (Exs. A & R).

## Analysis & Conclusions of Law

Olson contends the subject property is over assessed.

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the

assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted).

Sale prices of the subject property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b). Whether other property is sufficiently similar and its sale sufficiently normal is a question left to the sound discretion of the trial court. *Soifer v. Floyd County Bd. of Review*, 759 N.W.2d 775, 783 (Iowa 2009). "Similar does not mean identical, but having a resemblance; and property may be similar...though each possess various points of difference." *Bartlett & Co. Grain v. Bd. of Review*, 253 N.W.2d 86, 93 (Iowa 1977) (citations omitted). Adjustments must be made to account for differences between the comparable property and the subject property to the extent the differences distort the market value of the subject property in the absence of such adjustments. Iowa Code § 441.21(1)(b).

Olson submitted multiple recent sales. However, we find they have substantial differences in style, age, size, grade, and, quality. Moreover, Olson did not adjust for these differences to conclude an opinion of the subject's fair market value as of January 1, 2019. Typically, market value is demonstrated with a competent appraisal or a comparative market analysis using adjusted sales. Olson's comparables did not establish that the subject's assessment was excessive. Nor did they establish the property's correct value.

In contrast, the Board of Review submitted comparables that we find are more similar to the subject in style, age, size, and grade. Although like Olson, the Board of Review did not adjust the sales to arrive at an opinion of the subject property's January 1, 2019 market value, nonetheless, its sales reflect a range of values that supports the subject's assessment.

Viewing the record as a whole, we conclude Olson has not shown the property is over assessed.

## **Order**

PAAB HEREBY AFFIRMS the Cerro Gordo County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

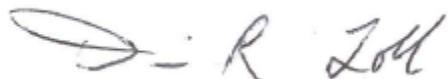
Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A (2019).



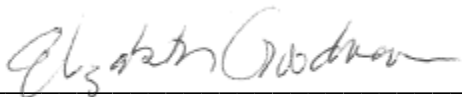
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Karen Oberman, Board Member



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Dennis Loll, Board Member



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Elizabeth Goodman, Board Member

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Cerro Gordo County Board of Review by eFile